

ABSTRACT

A communication network based system and method for auctioning shares of an fund is disclosed. In one embodiment, the fund is an investment company or fund registered under the Investment Company Act of 1940, as amended, and capital is provided by the sponsor or an affiliate as sole shareholder. After the fund returns a pre-determined launch rate, or rate of return, the fund then preferably sells its positions and purchases money market instruments in order to freeze the NAV of the shares of the fund. The fund is later opened for auction and the server system receives and stores bids from a plurality of bidders, in increments up to the NAV. The bids preferably comprise a bid price per share and the number of shares bid. At the close of the auction, the server system preferably determines successful bidders by successively determining the highest bidder. During this process, the server system reduces the total number of available shares to be distributed by the number of shares bid by the highest bidder. Once all of the available shares have been allocated to the successful bidders, the fund shares are redeemed at the net asset value (NAV) reflecting the launch rate. Each of the successful bidders receives a return equal to the difference between the NAV and the respective successful bidders' bid price per share multiplied by the number of shares bid by each respective successful bidders.